

CONCORD Cotonou Working group
Briefing paper

GOVERNANCE

1. Governance and development

Governance can be defined as the way in which societies develop rules, processes and behaviours necessary for their survival and their accomplishment. It is a cross-cutting issue that needs to be incorporated in all sectors, and at all policy levels. "Good governance" has become a very sensitive issue in the relation between rich countries and developing countries since it has become one of the main criteria for donors to define their policies and make decisions around the allocation of official development aid. For example, an "incentive tranche" representing €2.7 billion of the 10th European Development Fund (EDF) is being allocated by the EU to the African, Caribbean and Pacific (ACP) countries on the basis of the quality of governance reform plans established by the ACP partners.

2. What is the EU doing?

In August 2006 the European Commission launched a new communication on "Governance in the European Consensus on Development – Towards a harmonised approach within the European Union". It is our view that the Communication focuses too heavily on the shortcomings of governance in ACP countries without taking into account the reasons behind the failure of states and institutions to deliver poor people's rights, nor on the role of donors in contributing to unaccountable decision making processes. Moreover the Commission failed to launch a wider consultation process with Parliaments and civil society in Europe and Africa but imposed its own definition and criteria of governance. Such an intransparent process has confirmed that the EU still seeks to use the promotion of "good governance" as a way to push new conditionalities on partner countries.

Europe does not have sufficient legitimacy to impose its vision of "good" governance on developing countries.

Europe should acknowledge its shared responsibility in the lack of domestic accountability in third countries, linked to some unpopular and harmful policies imposed on these countries such as the privatisation of basic services in the framework of Structural Adjustments Programmes (SAPs), WTO / bilateral negotiations. Another example is the lack of transparency, the political pressure on governments and the lack of involvement of Parliaments and civil society in the EPAs negotiations. European trans-national companies and banks bear their responsibility in contributing to corruption and tax evasion, bad economic governance, destruction of natural resources, violation of indigenous populations' rights and pollution. Moreover, the lack of transparency in EU decision-making processes facilitates "behind the scene" pressure by powerful lobbies.

The EC has completed **governance profiles for all ACP States**. These are viewed by the EC as a programming tool. The profile is discussed with Member States but applies only to EC programming, allowing Member States to adopt part or all of the profile for their own programming, and/or use their own profile. As it is a politically sensitive tool, the assessment is not normally shared with the partner country or made public. The profile is used as the basis for governance reform (or "action") plans which are negotiated with ACP States and annexed to the CSP.

The **governance incentive tranche**, which represents 0-35% of the national envelope, is a "top-up" that is integrated into the national envelope to support the national indicative programme, not necessarily for governance reform. From information received so far, allocations of governance incentive tranche funds are based not on the EC assessment in the governance profile, but on an assessment of the government's commitments and reform plans against the weaknesses identified in the profile, according to 3 criteria: ambition, relevance, and credibility.

The proposed role of national and European Parliament as well as Civil society in monitoring the governance reform plans and access to the incentive tranche has not been defined but there is a suggestion that the governance platform foreseen in the Joint EU-Africa Strategy (??) will play a role. The link between the EDF governance initiative and the EU-Africa strategic partnership on democratic governance and human rights is however still unclear.

The Commission prepared a report on the process to date, as well as a communication on local governance and the role of local authorities in development recently. It will also be defining “success indicators” and elaborate a monitoring mechanism of the governance incentive tranches as part of the mid-term review of the 10th EDF.

Negative example of EU Support to Good Governance In Zambia, the government has chosen to prioritise Health and Education as priority sectors for EC Aid. But the EU has rejected these priorities while imposing unclear and dubious priorities such as governance and competitiveness. By doing so, Brussels clearly disrespects Zambia’s sovereignty. It is particularly severe as it concerns a country, like others in the Southern Africa region, which is highly hit by HIV/AIDS, that is destroying its fragile basic social system.

3. Our Recommendations:

The EU should acknowledge that governance and “development models” can not be imposed on a society from the outside. To be successful and sustainable, policy change needs to be homegrown and nationally led. This requires opening-up policy space and strengthening country leadership. Therefore the Good-Governance Initiative by the EU is likely to be counterproductive

Europe must radically change its approach on governance towards developing countries and ensure that the concerns of ACP are central to this process by translating important principles into practical implementation:

- **Transparency:** It is necessary to clarify why decisions are taken, which objectives are set and what priorities are adopted. The ability of parliamentarians and civil society to monitor these processes is critical for good governance.
- **Accountability:** European donors should align their policies with national development plans of recipient countries, thus acknowledging the right of each country to develop its own governance model and respecting its policy space. Political dialogue is a key element of the Cotonou Agreement.
- **Democratic ownership:** EC development assistance must be truly owned by recipient countries, with appropriate citizen consultation. For example, the EU is supporting the African Peer Review Mechanism through an extra 5% allocation of the incentive tranche to those governments which have completed the African Peer Review Mechanism. It should also support those who participate in and monitor the reviews (civil society organisations, parliamentarians, academia, the media)
- As African and European institutions must be representative of the whole population, it is vital to include measures to **promote the role of women in decision-making**.
- It is imperative for EU to lead with example by making its own development programmes and projects a model of transparency and good governance, especially by evaluating and learning from its “bad governance” processes.

Good practice of EC Support to Good Governance

In **Nigeria**, the project “**Increasing Citizens’ Participation in Governance through Public Financial Analysis**” financed by the EU and implemented by ActionAid Nigeria is strengthening the capacity of local civil society at state and local level to empower actors on issues of public finance.

The JPA in Port Moreby is a good opportunity to raise questions on how the governance initiative will be assessed in the annual, mid-term and final reviews, the criteria for the reallocation of budgets against progress at the mid-term review, and how civil society and parliamentarians can be involved in such a process.

For further information <http://www.concordeurope.org/Public/Page.php?ID=75>